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Programme budget implications of the draft resolution contained in document A/C.2/55/L.35

Statement submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly

Summary

In draft resolution A/C.2/55/L.35, the General Assembly would decide to request the Secretary-General to supply the necessary offices to the United Nations Institute for Training and Research (UNITAR) in Geneva and New York free of rental and maintenance costs as requested by the Board of Trustees.

Should the General Assembly adopt the draft resolution, an additional appropriation of $113,000 per annum would be required under the regular budget of the United Nations. Moreover, by so deciding, the General Assembly should also override the provisions of operative paragraph 3 of its resolution 47/227 that, as at 1 January 1993, the funding of all the administrative budget and the training programme of the Institute should be covered from voluntary contributions, donations, special-purpose grants and executing agency overheads. In addition, modifications would be required under articles VIII and XI of the Statute of UNITAR.

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A. Requests contained in the draft resolution

1. Under the terms of operative paragraph 12 of draft resolution A/C.2/55/L.35, the General Assembly would request the Secretary-General to supply the necessary offices to the United Nations Institute for Training and Research (UNITAR) in Geneva and New York free of rental and maintenance costs as requested by the Board of Trustees.

B. Background

2. UNITAR has been charged rent by the United Nations for the premises it occupies in Geneva since 1 January 1989 and in New York since 1 October 1996. The decision to charge the rent was based on General Assembly resolution 41/213 of 19 December 1986, in which the Assembly approved the report of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations.[1] The report stated in its recommendation 36 that Member States and other users occupying office space on United Nations premises should pay a rent based on current commercial rates. It was understood that it was the intent of the Group of Experts, in making that recommendation, that the United Nations regular budget should not have to bear any part of the rental expenses of bodies supported by extrabudgetary funds.

3. In operative paragraph 3 of its resolution 47/227 of 8 April 1993, the General Assembly decided that, as at 1 January 1993, the funding of all the administrative budget and the training programmes of the Institute should be covered from voluntary contributions, donations, special-purpose grants and executing agency overheads.

4. In accordance with operative paragraph 1 of General Assembly resolution 47/227, the building of UNITAR was transferred to the United Nations in return for the cancellation of the debt of the Institute and coverage of its financial obligations for 1992, which amounted to $15,989,000, as indicated in the related statement of programme budget implications (A/C.5/47/82). Also in accordance with resolution 47/227, in the biennium 1998-1999, $283,215 was written off as part of the global debt of UNITAR against United Nations reserves. This consisted of negative balances on special-purpose grant projects and was related to activities undertaken before 1992.[2]

5. In this connection, it is also recalled that in operative paragraph 2 of resolution 48/207 of 21 December 1993, the General Assembly requested the Secretary-General to examine, in accordance with paragraph 2 of General Assembly resolution 47/227, the measures taken in 1993 with a view to improving further the organization and coordination of the training programmes and research activities relating to training in New York, and to provide appropriate logistical and administrative support, within existing resources.

6. In the statement of the programme budget implications of resolution 48/207 (A/C.2/48/L.84), the Secretary-General indicated that:

(a) The provision of office space in New York and Geneva, as well as the usual logistical and administrative support for the Institute, including senior fellows, would involve expenditures for rental and maintenance of office equipment, communications and miscellaneous services;

(b) In accordance with paragraph 5 of article VI of the Statute of UNITAR and as decided by General Assembly resolution 47/227, all such expenditures would have to be covered from voluntary contributions, donations, special-purpose grants and executing agency overheads available to UNITAR and not from the United Nations regular budget. Moreover, all expenditures from such funds would require the prior review and approval of related budgets by the Board of Trustees of UNITAR, in accordance with paragraph 2 of article III and paragraph 1 of article VIII of the Statute;

(c) If the United Nations Institute for Training and Research were unable to cover the expenditures regarding office space and the cost of the logistical and administrative support, the Secretary-General would not be authorized to cover such costs from the regular budget of the United Nations and all logistical and administrative expenditures, including supporting activities of senior fellows, provision of office space in Geneva and New York and other support services, would have to be financed exclusively from voluntary contributions, donations, special-purpose grants and executing agency overheads of UNITAR, if such resources were available.

7. With regard to the requests contained in paragraphs 4 and 5 of resolution 49/125 of 19 December 1994, since the United Nations has to rent office space both in New York and Geneva, the provision of office space to UNITAR in New York and Geneva, as well as the usual logistical and administrative support, would entail financial implications involving expenditures for the rental and maintenance of offices and office equipment, communications and miscellaneous services. These cannot be provided free of charge or without financial implications for the United Nations.

8. Since it is not possible to cover such costs from the regular budget of the United Nations, the provision of office space in Geneva and New York as well as the usual logistical and administrative support for UNITAR would have to be financed exclusively from voluntary contributions, donations, special-purpose grants and executing agency overheads of UNITAR, unless the General Assembly decides otherwise.

9. Accordingly, in the statement of the programme budget implications of resolution 49/125 (A/C.2/49/L.66), the Secretary-General stated that:

> "Should the General Assembly adopt the resolution, the Secretary-General would continue to provide UNITAR with office space as well as administrative and logistic support in Geneva, at fair costs and on an equal basis with 'other users', so that the actual costs incurred by the United Nations itself could be reimbursed. Should UNITAR require office space in New York for a liaison office, the Secretary-General would ensure that it is charged to UNITAR on the same basis."

C. Recommendation by the Board of Trustees and privileges regarding offices free of rental and maintenance costs, enjoyed by similar United Nations institutes

10. It was stated in the report of the Executive Director of UNITAR[3] that:

(a) Concerns have often been expressed that UNITAR has had to pay rent, maintenance costs, meet expenses within the United Nations premises, etc., while it has been serving all the Member States, and in particular, developing countries and countries with economies in transition, free of charge;

(b) No decision has been taken as yet, although a recent note by the Secretary-General, dated 21 October 1999, on Rental of United Nations premises by the press and other entities (A/C.5/54/25), referred to established policies and showed that institutions with a similar status to that of UNITAR, are accommodated free of charge.

11. At its thirty-eighth session, held in Geneva from 26 to 28 April 2000, with reference to paragraph 12 of General Assembly resolution 54/229 of 22 December 1999, the Board was of opinion that, in view of the important services UNITAR offered to the United Nations, appropriate facilities should be provided, at no cost, to the Institute for maintaining its offices and for conducting programmes and training courses in Geneva, Nairobi, New York and Vienna.

12. The institutions with similar status referred to in the draft resolution (A/C.2/55/L.35), in the report of the Executive Director of UNITAR[4] and in the note by the Secretary-General (A/C.5/54/25) are the United Nations Institute for Disarmament Research (UNIDIR) and the United Nations Research Institute for Social Development (UNRISD), both located in Geneva.

13. UNIDIR occupies 332.3 sq. m. in the Palais des Nations. Owing to the precarious financial situation and in accordance with General Assembly resolution 39/148 H, it receives a subvention from the regular budget of the United Nations towards meeting the costs of the Director and the staff of the Institute. As indicated in the report of the Advisory Committee on Administrative and Budgetary Questions,[5] UNIDIR has continued to apply the rate of 5 per cent for administrative and programme support costs to reimburse the United Nations for the financial and personnel services provided by the United Nations Office at Geneva to the Institute. Since 1984, the rate of reimbursement had been reduced from 13 to 5 per cent and the costs of miscellaneous services to UNIDIR, such as rent, supplies and communications have been absorbed by the United Nations in view of the financial situation of the Institute.

14. The United Nations Research Institute for Social Development (UNRISD) occupies 508.5 sq. m. in the Palais des Nations. Under the terms of reference of the Secretary-General's bulletin (ST/SGB/126 of 1 August 1963, para. 6), the Institute is accommodated free of

charge, but if special premises have to be obtained for the Institute, it would pay the rent from its budget. In addition, in the light of its difficult financial situation, UNRISD pays for programme support at the reduced rate of 7 per cent. This is designed to reimburse the United Nations for the financial, personnel and other services provided and is also intended to defray in part the cost of the office space occupied by the Institute.

D. Administrative and financial arrangements

15. In New York, the UNITAR Liaison Office occupies 1,098 sq. ft. of office space in the DC-1 building. The United Nations charges UNITAR rent and a maintenance fee at the commercial rate of $30 per sq. ft, amounting to $32,940 annually. However, UNITAR has not paid its bills, covering the period from 1 January 1998 through 30 September 2000, which has resulted in the current debt of $90,036. Moreover, it is expected that, beginning 1 January 2002, the rent and maintenance fee in New York will be increased to reflect the current commercial rates of $55 per sq. ft., which is based on experience with the real estate market in the vicinity of United Nations Headquarters. Furthermore, the maintenance costs of the premises are also expected to be increased to reflect the substantial rise in utility costs. These issues are currently under review by the Secretariat. On the assumption that the current trends in rental and maintenance costs will continue, it is estimated that the total rent and maintenance costs for the office space of 1,098 sq. ft. occupied by UNITAR in New York will amount to $75,800 annually, beginning 1 January 2002.

16. In Geneva, UNITAR occupies 842.7 sq. m. in the Environment Centre building (previously known as the Geneva Executive Centre). The annual maintenance and service fee in the amount of $39,300, as well as charges for electricity of $7,000 annually, is paid by UNITAR directly to the Fondation des immeubles pour les organisations internationales (FIPOI), which manages the building. In addition, UNITAR is supposed to reimburse the United Nations Office at Geneva for messenger, security and shuttle services in the amount of some $19,000 (1999 charges have not been paid by UNITAR). Cleaning services at an annual cost of $14,800 are also provided by the United Nations Office at Geneva on a reimbursable basis.

17. Thus, it is estimated that the annual requirements for rent and maintenance of office space in New York ($32,940) and Geneva ($80,100) in 2001 would total to $113,040. Taking into account the projected increase in rent and maintenance costs in New York, beginning 1 January 2002, these requirements would amount to $155,900 annually. In addition, the current total debt of UNITAR to the United Nations for rent and maintenance in New York ($90,036) and provision of services in Geneva ($19,000) amounts to $109,036.

18. Taking into account that UNITAR has been serving all the Member States, and in particular developing countries and countries with economies in transition, free of charge, the United Nations Office at Geneva provides UNITAR, free of charge, with administrative services such as payroll, financial, accounting, budgeting and personnel support, mail and pouch. The cost of this support is estimated at $110,000 annually.

E. Conclusion

19. Should the General Assembly adopt draft resolution A/C.2/55/L.35, it is estimated that an additional appropriation of $113,000 will be required under section 30, Special expenses, of the programme budget for the biennium 2000-2001[6] in order to supply the necessary offices to UNITAR in Geneva and New York free of rental and maintenance costs in 2001. In future budgets, beginning with the biennium 2002-2003, the amount of $155,900 would be required annually for this purpose. By so deciding, the General Assembly should also override the provisions of operative paragraph 3 of its resolution 47/227.

20. If the part of the costs currently paid by UNITAR in connection with rent and maintenance is to be taken over by the United Nations, the General Assembly should also decide to amend Article VIII, paragraph 13 of the Statute of UNITAR (A/43/697/Add.1), which states:

> "The general administrative, personnel and financial services of the United Nations shall be utilized by the Institute on conditions determined in consultation between the Secretary-General and the Executive Director, it being understood that no extra cost to the regular budget of the United Nations is to be incurred."

It is suggested that the words "without the express approval of the General Assembly" should be added to that sentence.

Notes

[1] *Official Records of the General Assembly, Forty-first Session, Supplement No. 49* (A/41/49).

[2] Ibid., *Fifty-fifth Session, Supplement No. 5D* (A/55/5/Add.4), chap. I, para. 11.

[3] Ibid., *Supplement No. 14* (A/55/14), paras. 19 and 20.

[4] Ibid., para. 20.

[5] Ibid., *Forty-fifth Session, Supplement No. 7* (A/45/7/Add.5).

[6] Ibid., *Fifty-fourth Session, Supplement No. 6* (A/54/6/Rev.1).